

S.R. 72 - By Traeger: Extending welcome to Glenn Stanfield.

EIGHTH DAY
(Tuesday, July 28, 1981)

The Senate met at 5:45 o'clock p.m., pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Andujar, Blake, Brooks, Brown, Caperton, Doggett, Farabee, Glasgow, Harris, Howard, Jones, Kothmann, Leedom, Mauzy, McKnight, Meier, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Traeger, Travis, Truan, Uribe, Vale, Williams, Wilson.

Absent-excused: Ogg, Snelson.

A quorum was announced present.

Senator Grant Jones offered the invocation.

On motion of Senator Mauzy and by unanimous consent, the reading of the Journal of the proceedings of yesterday was dispensed with and the Journal was approved.

LEAVES OF ABSENCE

Senator Snelson was granted leave of absence for today on account of important business on motion of Senator McKnight.

Senator Ogg was granted leave of absence for today on account of important business on motion of Senator Brooks.

HOUSE JOINT RESOLUTION 6 ON THIRD READING

Senator Howard moved to suspend the regular order of business to take up for consideration at this time on its third reading and final passage:

H.J.R. 6, Proposing a constitutional amendment to dedicate excess state revenue to certain special funds, to authorize state guarantee of certain local government obligations, and to increase the allowable interest rate on certain bonds.

The motion prevailed by the following vote: Yeas 21, Nays 7.

Yeas: Andujar, Blake, Brooks, Brown, Glasgow, Harris, Howard, Jones, Kothmann, Leedom, Meier, Mengden, Richards, Santiesteban, Sarpalius, Short, Traeger, Travis, Uribe, Williams, Wilson.

Nays: Caperton, Doggett, Farabee, Mauzy, McKnight, Parker, Truan.

Absent: Vale.

Absent-excused: Ogg, Snelson.

The resolution was read third time.

Senator Farabee offered the following amendment to the resolution:

Floor Amendment No. 1.

Amend **H.J.R. 6** by striking all below the resolving clause and substituting in lieu thereof the following:

SECTION 1. That Article VIII of the Texas Constitution be amended by adding Section 24 to read as follows:

Sec. 24. (a) The legislature, by law, may provide for the creation, administration, and implementation of a bond guaranty program in which the state pledges its general credit in an amount not to exceed \$500,000,000 to the payment in whole or in part of the principal of and interest on bonds or other obligations that are issued by cities, towns, counties, districts, authorities, and any other political subdivisions of the state as defined by law for water development, water conservation, water quality enhancement, or flood control purposes or for any combination of these purposes. The state agency authorized by law to administer this bond guaranty program may be authorized by law to execute guarantees that bind the state to make payment of the principal of and interest on the bonds in the event of their default. The payment, if any, of any guarantee executed under this subsection shall be made from the first money coming into the state treasury that is not otherwise dedicated by this constitution. Notwithstanding the total amount of guarantees executed under this subsection, the total amount paid by the state under this subsection, excluding the costs of administration, may not exceed \$500,000,000. The ratio of guarantees to the total liability of the state under this subsection shall be established by law.

(b) Any bonds guaranteed by the full faith and credit of the state that are authorized by this constitution but are unissued on the effective date of this section, if otherwise authorized to be issued under this constitution, may be issued bearing a net effective interest rate not to exceed 12 percent per annum, or, if a net effective interest rate higher than 12 percent per annum is approved by law enacted by an affirmative record vote of two-thirds of the members of each house, not to exceed the higher rate approved. For the purpose of this subsection, the net effective interest rate shall be determined in the manner provided by law for bonds issued by cities.

(c) Laws may be enacted in anticipation of the adoption of this section.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 3, 1981. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment authorizing the use of \$500,000,000 of the state's credit to assist cities, counties, towns, and other units of local government in the financing of projects for water development, water conservation, water quality enhancement, and flood control purposes and increasing the interest rate that may be paid on previously approved but unissued state bonds."

The amendment was read.